

Title Post Transfer of Undertakings Psychological
Contract Violation: Modelling Antecedents and
Outcomes

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ABSTRACT

Purpose – The purpose of this study was to test a model of antecedents and outcomes of psychological contract violation based on social exchange theory within the context of an acquisition.

Design/methodology/approach – A cross-sectional quantitative survey research design was used. A total of 200 office and operational employees who had recently gone through a TUPE transfer process as the result of an acquisition participated in the study. Participants were asked to complete a questionnaire to measure their perceptions of procedural justice and perceived organisational support experienced at the point of TUPE and the resulting psychological contract violation and employee engagement post-TUPE. Multiple regression analysis through SPSS 19.0 was used as the method of analysis.

Findings- Results indicate that procedural justice and perceived organisational support predicts psychological contract violation. Results indicate that psychological contract violation in turn predicts employee engagement. In addition, psychological contract violation mediates the relationship between procedural justice, perceived organisational support and employee engagement. Therefore, support has been found to state that the psychological contract can be used to explain the relationship between employee perceptions of fairness and support during a TUPE and their post-TUPE reaction of engagement.

Research limitations – The study used cross-sectional and self-reported data which limits the conclusions that can be confirmed about causality and also raises concerns about common method bias. Furthermore, it is acknowledged that various extraneous or confounding variable may have an influence on the variables.

Originality/Value – The study offers insights into employees' responses within the context of TUPE transfers as explored through the psychological contract within the social exchange theory the framework.

1. INTRODUCTION

As organisations struggle for survival by competing in a dynamic and tough economic climate human resources are key to gaining a competitive advantage and it is therefore not surprising that the employee employer relationship has frequently emerged as a topic of interest for both researchers and executives (Erlach, 1994). In today's fiercely competitive time, organisational survival is largely dependent on their most important resource, their people. Organisations need employees who are flexible, innovative, willing to contribute and go above and beyond the letter of the formal job descriptions or contracts of employment (Aggarwal, et al., 2007). A positive employment relationship lies at the heart of obtaining an engaged workforce which will deliver benefits for the organisation.

Social exchange is the dominant theoretical framework used to examine the employment relationship using the basic idea of give and take (Coyle-Shapiro & Conway, 2004). A desire among academics and practitioners to search for new more innovative people-management frameworks to understand the employment relationship amidst a context of economic restructuring, heightened competition and changing labour dynamics has driven interest in the psychological contract (Cullinane & Dundon, 2006). Various contextual factors have contributed to the movement towards the psychological contract as a new framework to understand the employment relationship. Guest (2004) demonstrates the view that workplaces have become increasingly fragmented because of more flexible forms of employment. With the decline in collective bargaining and unionism and a movement towards individualism, informal arrangements are becoming far more significant in the workplace (Cullinane & Dundon, 2006). As a result, the 'traditional' models of employment relations are out of touch with the changing context of the world of work, no longer apply in most workplaces and there is therefore a need to find a new framework for managing employment relations (Guest & Conway, 2001). Given the idiosyncratic, dynamic and diverse nature of the employment relationship, the psychological contract framework, which focuses on the perceptions and implicit expectation of the individual, offers a useful framework to understanding and managing employment relations. Research has demonstrated the importance of examining the psychological contract during major organisational changes (Arshad & Sparrow, 2010; Coyle-Shapiro & Kesser, 2000; Edwards, et al., 2003; Robinson & Rousseau, 1994). A better understanding of the psychological contract may help towards effectively managing human resources in order to gain a competitive advantage by providing organisations with a means to avoid psychological contract breach and the subsequent negative implications (Tekleab, et al., 2005). Garrow (2003) advises that the consequences of psychological contract violation should be taken seriously. At best it can lower commitment, trust and loyalty and at worst it can lead to sabotage and revenge (Garrow, 2003).

To understand the dynamics of the psychological contract is the art of managing a transitional period after change (Garrow, 2003). In the current tough economic environment, firms are looking to cut costs, grow and remain competitive. As a consequence, organisations may pursue growth strategies such as mergers, acquisition or tendering for new contracts. When one organisation is taken over by another, two organisations merge, or where services are transferred from one organisation to another, employees with their rights and liabilities are taken on by the new employer. This process of transfer is called a Transfer of Undertakings (TUPE).

There has been a significant increase in requests for advice regarding more complicated TUPE scenarios that employers are facing since the start of the recession (Morsley, 2012). The existing employees are likely to transfer with their rights and liabilities under a TUPE regulations (Transfer of Undertakings Protection of Employment Regulations, 2006) to the new organisation. TUPE represents a significant and highly complex, yet rarely explored, organisational change and often the intended benefits of the newly acquired workforce are not realized. Some of the main reasons for this include: a short term view of success focused on cost cutting, poor integration creating a 'them versus us' mentality, human resource issues regarding changes to terms and conditions and clash of cultures (Garrow, 2003). Understanding the influences that impact on employees reactions to TUPE become all the more important given that TUPE transfers have now become such a wide phenomenon. Employees' terms and conditions are the focus of intense legal, financial and human resource activity to ensure compliance to TUPE legislation leaving the psychological contract vulnerable to neglect. Although TUPE regulations seek to protect the written terms and conditions of the transferring employees' contract when a business activity changes hands, no protection is given to previously established expectations of the reciprocal obligation and promises held within each employee's individual employment relationship. In addition, the transfer is likely to be a time of uncertainty and turbulence which could make it difficult for the organisation to fulfil obligations. Therefore, the psychological contract is likely to become disrupted during a TUPE and the attitudinal and behavioural consequences of psychological contract violation should be taken seriously. Research has found that violation leads to decreased employee trust, poor job satisfaction, lowered perceived obligation to the organisation, increased intention to leave, reduced organisational commitment, and increased cynicism (Robinson & Morrison, 1995). In addition, there is evidence that in extreme cases of violation, employees may seek revenge or retaliation, engaging in sabotage, theft, or aggressive behaviour (Morrison & Robinson, 1997). The health of the psychological contract should be a priority on the agenda of the organisation during times of change if the benefits of that change are to materialise.

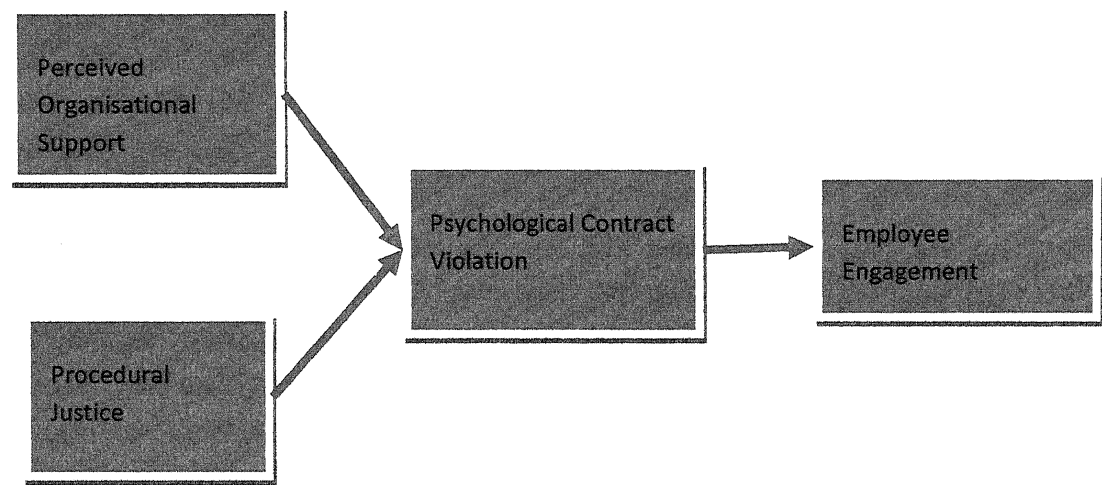
Given that the psychological contract reflects employees view of their employment relationship, understanding what causes perceived contract violation provides organizations

with a mechanism for limiting it and controlling the subsequent the outcomes in terms of employees reactions. Research (Cropanzano, et al., 2007) has provided significant evidence that the quality of this employee employer social exchange relationship is directly related to the level of organisational justice present in management decisions, which predicts a number of important employee attitudes and behaviours, including job satisfaction, organisational commitment, organisational citizenship behaviour, intention to leave and employee engagement (Tekleab, et al., 2005; Saks, 2006). From a justice perspective, fair treatment is suggested to create closer, open-ended social exchange relationships which produce obligations for the employee to repay the organisation which could take the form of increased performance, OCB, commitment and so on (Cropanzano, et al., 2002). Organisational support theory holds that in order to meet employees' socio-emotional needs and to gain the benefits of increased work effort, employees form a general perception concerning the extent to which the organisation values their contributions and cares about their well-being (Eisenberger, et al., 2004). Aselage and Eisenberger (2003) proposed that high quality perceived organisational support will make employees less likely to notice minor contract breaches and will make employees who do notice a breach more willing to give the organisation the benefit of the doubt.

The study aims to, through empirical investigation, provide support for a model of antecedents and consequences of psychological contract violations (psychological contract violation) caused by the experience of a transfer of employees under the TUPE (2006) regulations due to an acquisition. The study investigates the question: does the psychological contract explain the relationship between employee perceptions of fairness and support during a TUPE and their post-TUPE reaction of engagement? The objectives of the study are to demonstrate that during the significant organisational change process of a TUPE transfer that, (1) an employee's perception of procedural justice and organisational support will predict the level of psychological contract violation; (2) psychological contract violation will in turn predict the employee engagement post-TUPE and; (3) psychological contract violation will mediate the relationship between justice, perceived organisational support and employee reactions.

The study will examine the chain of relationships among justice, social exchange relationships, and employee reactions by investigating the proposed mediating role of psychological contract violation. These objectives seek to examine the employment relationship and are founded and justified as feasible enquiries into its reciprocal nature under the social exchange theoretical framework. The findings will seek to demonstrate the utility of the psychological contract in explaining employee reactions to TUPE. The study proposes that negative perceptions of procedural justice and organisational support experienced through the TUPE process result in psychological contract violation, which in turn effects the employee's engagement with their new organisation post transfer. Figure 1 shows the model of relationships examined by this research.

Figure 1. A model of the antecedents and outcomes of psychological contract violation



The study makes two significant contributions to the literature and practice. First, it applies and tests a range of employment relationship variables under the social exchange framework to the context of the relatively unexplored area of a TUPE transfer. The application of the framework of psychological contract within this context offers the opportunity to better manage the employment relationship and provides understanding to unlocking the engagement of the newly acquired workforce. Understanding how these variables impact on employees' reactions and behaviours following a TUPE are important for industries where growth and survival is dependent on winning contracts. Second, it gives attention to the process through which TUPE transfers impact upon employee engagement by moving beyond justice and organisational support perspectives into the broader psychological contract framework. Although the case study involves an acquisition, the lessons can be easily applied to other forms of organisational change. The study suggests that the psychological contract should be placed firmly at the top of the business agenda during periods of organisational change if the benefits of the organisational change strategy and the newly acquired workforce are to materialise.

The following chapter explores the public and regulated service sectors, providing a background to the process of TUPE and identifying the extent and relevance of TUPE within this context. The literature review continues to describe the theoretical foundations underpinning the psychological contract and provides an account, synthesis and evaluation of existing research in this field. This is followed by a chapter on the research methodology

used in this study and reveals the positivist approach adopted to address the objectives identified above and describes the quantitative method followed. The findings are then presented, analysed and interpreted which is followed by the implications for academics and practice and conclusions reached.

2. LITERATURE REVIEW

2.1 LITERATURE REVIEW - INDUSTRY

In today tough business environment, with the pressure of increased competition and economic downturn, in order to survive organisations will need to find ways to grow, reduce costs and improve efficiencies. To achieve these objectives organisations may peruse strategic mechanisms such as mergers, acquisitions and outsourcing. The following section will explore the phenomenon of major organisational change with particular focus on mergers, acquisitions and contracting of services, its prevalence and relevance to the employment relationship with reference to the transfers of employees through TUPE.

As organisations peruse growth and cost saving strategies organisational change is inevitable. Outsourcing or contracting out of services is seen as a valuable strategic option within the public and regulated services industry. The rationale is that a specialist can provide a higher standard and more cost effective service than might be achieved internally. In addition, mergers and acquisitions have been a very popular strategy for businesses to obtain growth, diversification, or profitability (Fowler & Schmidt, 1988). Throughout the 20th Century, mergers and acquisitions have helped to shape the organisational landscape (Garrow, 2003). The merger mania that started in the 1980's has continues throughout the 1990s and is still vigorous (Houghton, et al., 2003).

However, research has demonstrated that three out of four mergers and acquisitions fail to achieve their financial and strategic objectives (Marks & Mirvis, 2001). Existing literature has identified among the main reasons for not realizing the benefits of mergers and acquisitions include both hard and soft factors (Bellou, 2007). Hard factors include not paying the right price, high levels of debt, buying for the wrong reason, absence of a sound strategy, selecting the wrong partner or simply bad timing in the marketplace (Armenakis, 1999; Marks & Mirvis, 1992). In addition, softer factors include underestimation of the depth of human factor problems that condemn potential success, and thus, emphasize the importance of focusing attention on employees' needs (Bijlsma-Frankema, 2001; Houghton, et al., 2003). Mergers and acquisitions are extreme forms of organisational change which employees may perceive as threatening and are accompanied by feelings of vulnerability and fear for loosing security

(Saunders & Thornhill, 2003). According to Marks and Mirvis (1992), how people are handled during the pre-merger phase can put the new company on solid footing or shaky ground. Employees may experience the "merger syndrome" which is accompanied by increased self-interest, which can manifest as listlessness, apathy, a preoccupation with the past, lack of commitment to the new culture, fear and active resistance to new systems (Marks & Mirvis, 1992). As a result, several negative attitudes and behaviours may be realized, including decreased job satisfaction, organisational commitment, productivity, loyalty, quality of work and withdrawal behaviours (McHugh, 1997).

When one organisation is taken over by another, two organisations merge, or where services are transferred from one organisation to another, responsibility for the rights of employees is taken on by the new employer. This is called a Transfer of Undertakings (TUPE). During the 1980s, the number of transfers of undertakings has doubled every three years, accounting for 40 per cent of the global number of business transfers (Hardy & Adnett, 1999). The legal obligations of a TUPE transfer are set out in The Transfer of Undertakings (Protection of Employees) Regulations 1981 and the Transfer of Undertakings (Protection of Employees) Regulations 2006. TUPE regulations protects employees' terms and conditions of employment when a business is transferred from one owner to another. When a business or provision of services changes hands, employees will automatically become employees of the new employer on the same, now protected, terms and conditions. The Regulations cause the transferee to take over all the employment contracts of all those employed by the transferor. The new employer assumes all the rights, powers, duties and liabilities that the transferor had under those contracts and is bound by their terms and conditions (Cooke, et al., 2004). It follows that any attempt by the transferee to impose changes to those terms and conditions that is related to the TUPE, in order, for instance to harmonize them with those of the existing workforce, will constitute a unilateral variation of contract opening up potential liability for breach of contract or constructive dismissal claims (Cooke, et al., 2004). Although the TUPE Regulations attempt to preserve the employment contracts of employees and the transferee simply steps into the shoes of the transferor, many aspects that sit outside of the explicit formal contracts are vulnerable to change as a result of the TUPE. The Regulations protect contracts which are narrow in scope and often do not reflect the reality of the employment relationship which constantly evolves. As Guest (1998, 651) pointed out, 'all employment contracts have gaps in them'. Therefore, attention should be given to focus on the implicit contract which extends beyond the conventional contract boundaries and lies in the eye of the beholder, but none the less has legitimacy for the employment relationship and may have a major impact on employees' wider experience at work.

Many commentators suggest that managers need to attend to the "human side" by providing full and timely information to employees, helping them cope with stress, and sensitizing them to the "culture clash" that inevitably arises when two organizations come together (Marks &

Mirvis, 1992). However, there has been little research to investigate the effects of the transfers on the employment relationship of the employee who moves from the transferor organisation to the transferee organisation. Although TUPE legislation protects the employees employment rights it holds the potential to have damaging effects on the employment relationship if not managed correctly.

While a great deal has been written in the popular press about mergers and acquisitions, in particular about their reported high failure rate, there has been little academic research carried out in these contexts (Garrow, 2003). The very limited literature on TUPE provides evidence on the discrepancy between firms' practices and their compliance with the requirements of the Regulations. These studies focus mainly on the pre-transfer consultation process and post-transfer changes to terms and conditions from a legislative perspective (Cooke, et al., 2004). There still remains a gap in our understanding of how TUPE affects other aspects of the employment relationship. Despite legislative endeavour to preserve much of an employees work arrangements various areas are likely to change including organisational structure, career management, culture, values, norms, practices and expectations. A review of literature on major organisational change, particularly with reference to mergers, acquisitions and outsourcing, has demonstrated the need to focus attention on the people factors and the employment relationship. Findings have indicated the importance of assessing an employee's psychological contracts during a merger or acquisition, in order to reach both the desired organisational outcomes and employee job satisfaction (Shield, et al., 2002). The nature of the psychological contract will be explored in the section below.

2.2 LITERATURE REVIEW - THEORY

As outlined in the previous section, attention needs to be given to the human side of the transfer, to understand the dynamics of employment relationship during transfers and how it is instrumental in achieving the benefits of the newly acquired workforce. The following section will provide the theoretical foundation to explore the employment relationship within the context of TUPE through the social exchange theory. As the psychological contract is the expression of the employment relationship a critical review of literature will follow. The focus of this review is on the dynamics of psychological contract violation, its antecedents and outcomes. The literature review is synthesized into a hypothesized model which seeks to explain employee reactions within the context of an acquisition as a result of TUPE.

2.2.1 Social Exchange Theory

Social exchange theories maintain that individuals enter into relationships with others to maximize their benefits (Blau, 1964). Social exchange refers to the voluntary actions of

individuals that are motivated by the returns they are expected to bring and the need to reciprocate for benefits received in order to continue receiving them (Blau 1964). Blau's theory of social exchange proposes that the parties to any given relationship will seek to maintain equilibrium in the relationship. The norm of reciprocity, which obligates the exchange of favourable treatment, serves as a starting mechanism for understanding the interpersonal relationships: aid can be provided to another individual with the expectation that it will be paid back with resources desired by the donor (Aselage & Eisenberger, 2003).

Social exchange theory highlights the importance of understanding employees' motivation and its relation to the achievement of organisational goals (Aselage & Eisenberger, 2003). Within the context of the employment relationship, employees will be willing to increase their efforts to the degree that the organisation is perceived to be willing and able to reciprocate with the desired resources. Resources (interpersonal, economic, or socio-emotional) given to employees by the organisation will motivate the employee to reciprocate through positive attitudes and behaviours in an attempt to re-establish balance.

Research by Coyle-Shapiro and Conway, (2004) has identified limitations of social exchange, arguing that it is too simplistic and reductionist; the wider symbolic meanings of items exchanged are overlooked; the logic of proximal exchanges is not very compelling; empirical work assumes but never measures exchange; and that necessary conditions for adopting a social exchange framework are often overlooked. Theoretical approaches that seek to link together content, process and parties to the exchange are required (Coyle-Shapiro & Conway, 2004). Within the current study the social exchange relationship will be applied to the context of a TUPE, where the process of employee transfer plays an important role in determining the balance of the employment relationship between the new organisation and the transferring employee. Anchored within the social exchange theory is the psychological contract, which provides a framework for the exploration of the employment relationship as essentially a social exchange.

2.2.2 Psychological Contract

The psychological contract is cognitive in nature, idiosyncratic and lies in the eye of the beholder (Aggarwal, et al., 2007). Despite growing interest and a wealth of literature pertaining to the psychological contract, there remains no one or accepted universal definition (Anderson & Schalk, 1998). Different authors tend to adopt different perspectives regarding what the psychological contract is, what it does and measure different aspects of the same construct (Cullinane & Dundon, 2006). As Guest (1998) notes, the construct has been operationalized to include so many different variables, with very little understanding about the

relationship between them, that the psychological contract has in many ways become an analytical nightmare.

For the purposes of this study Rousseau's (1989, p128) conceptualisation of the psychological contract will be adopted, which is as follows:

an individual's belief(s) in reciprocal obligations between that individual and another party; where one party has paid for or offered a consideration in exchange for a promise that the other party will reciprocate; where both the promise and the consideration are highly subjective; and where nonetheless, the individual holding a belief in a psychological contract attaches to this belief assumptions regarding good faith, fair dealing, and trust, treating this contract as part of the larger fabric of the relationship between the parties.

When an employee believes, albeit a unilateral belief, that their contribution will obligate the organisation to reciprocate this, a psychological contract is formed. Rousseau (1989) suggested that employees may derive the terms of their psychological contract in three main ways: through communication (implicit or explicit promises), social clues (observation of co-workers) or formal structures (compensations systems). The content of the psychological contract is dependent on the specific perceptions of the individual of how expectations and obligations translate into their own working lives and the significance they have (Garrow, 2003). As Garrow (2003) explains, the psychological contract is a valuable analytical tool for diagnosing the state of the employment relationship both in terms of process (how was the deal reached) and content (the perceived terms of the deal).

At present, there remain outstanding theoretical issues which contribute towards making the psychological contract something of a myopic conceptual lens (Cullinane & Dundon, 2006). Central to the theoretical assumptions of the psychological contract is the notion of contractual status to the subjective expectations of exchange. Guest (1998) suggests that whether the concept of psychological contract can constitute a 'contract' fundamentally compromises the core assumptions of the psychological contract theory. The terms and conditions of an employee's formal written contract imply an explicit agreement in legal terms. However, given the psychological contract's subjective and implicit perceptions of agreement, the potential for reaching outward mutual agreement is inheritably problematic (Rousseau, 1989). As Guest (1998, p. 652) observes, 'where implicit encounters implicit, the results may be two strangers passing blindfolded and in the dark, disappointed at their failure to meet'.

Further ambiguity results as it is often unclear who the parties to the agreement are and employees are likely to be subjected to multiple exchanges with various stakeholders who are unlikely to provide the same expectations. Furthermore, the notion of making a contract with

an organisation is made increasingly difficult, given the increased use of non-standard forms of employment, such as agency workers (Cullinane & Dundon, 2006). This concern extends to the blurring of organisational boundaries within the subcontractor relationship, which is further complicated by the potential for contradictions in receiving managerial expectations from two organisations simultaneously and the frequency of transfer of employees from one employer to another.

There are further limitations with the conceptualisation of the psychological contract. The assumption that the parties to the exchange have entered in an agreement freely and equally is flawed as employment contracts are rarely made between equals (Cullinane & Dundon, 2006). Given the imbalance of power between management and employees and its implications for how unvoiced expectations are supposed to be communicated and understood, it is not surprising that authors are finding increasing contract violation (Morrison & Robinson, 1997). A further conceptual problem arises in the difficulty to measure and quantify implicit dimensions of reciprocity, prevalence of mixed messages and divergent expectations (Cullinane & Dundon, 2006). To illustrate, an employee may perceive that management have failed to deliver on their obligations, however, this may be the result of false expectations on the part of the employee or external factors and not as a result of management overtly breaking their promises. Furthermore, the underlying problem with psychological contract literature is its neglect of the consideration of the design of the employment relationship within a wider socio-economic context. Therefore, models of psychological contract may be seeking to measure the unattainable, and what is lacking here is not so much that managers fail to deliver on some unspecified deal, but how and why employees come to perceive and interpret managerial expectations and behaviours in the first place (Cullinane & Dundon, 2006). In exploring fairness and support as antecedents to psychological contract violation this study attempts to address this limitation.

Regardless of the conceptual and empirical limitations of the psychological contract, the key purpose of the psychological contract is ultimately driven toward legitimising prevailing ideology suited to the demands of the 21st century (Cullinane & Dundon, 2006). Keeynoy and Anthony (as cited in Cullinane & Dundon, 2006, p.124) state that the 'psychological contract strives to transform, to inspire, to motive, and above all, to create a new reality which is freely available to those who choose or are persuaded to believe; those who choose to believe do so; those who do not tend to dismiss it out of hand as yet another managerial fad'.

Research has suggested that a healthy psychological contract is one that is transparent and clear (Garrow, 2003). However, during organisations change, such as mergers, acquisitions or outsourcing, achieving this is not always easy or possible. While intense legal, financial and human resource activity centres around employees written contracts, the state of the psychological contract is more vulnerable to neglect (Garrow, 2003). In the case of major

organisational changes the content of the promises given by both parties becomes less clear and thus psychological contract transformation is inevitable (Coyle-Shapiro & Kesser, 2000). Through the change process the organisation involved in the initial psychological contract formation is replaced, absorbed or disappears and is no longer party to this exchange relationship. For the employee this signifies the loss of the party who established the obligations of exchange, knows the rules to the relationship and holds their record to the exchange history. Although at times the employees who transfers tend to continue working from the same office, with the same colleagues, working for the same customers, doing the same work under the same written terms and conditions, and under the same supervisors, changes in culture, practice, expectations, vision, policy and values will signify changes to the employment relationship. Potential imminent restructures and redundancies may disrupt the teams, result in decreased moral and negative reactions. The frequency of transfer of employees from one organisation to another holds the potential to create a mentality of detachment with organisations and the perception that it is no longer important who the employees works for. Furthermore, with the frequency of transfer, employees may perceive themselves as just another resource as the loyalty they show the organisation is undermined by the legal requirement to transfer the employees to the new organisation.

In the TUPE context, the psychological contract is likely to be re-established and the employee will create new expectations from their initial interaction with the new organisation during the consultation process pre- and post-TUPE. This occurs through promises made, observations of how current employees behave, information provided on policies and procedures and through making comparisons against the previous organisations. This is similar to organisational socialisation where employees are expected to become familiar with the new setting, accept its principles and values and adjust their attitudes and behaviours (Chao, et al., 1994) According to Robinson & Morrison (2000), socialisation and interactions with the organisational representatives helps employees develop a clear understanding of the beliefs and assumptions common in the organisation. The integration of transferred employees into the new organisation is likely to play a significant role in the smooth transition of service provision and realization of potential benefits. This can be a very uncertain and stressful time for the employees and it is important to make sure the employees cope with the changes and are successfully inducted into the new organisation. Making promises during TUPE that are subsequently not fulfilled, holds the potential for a breach or violation to the psychological contract.

Investing effort into managing the psychological contract during organisational change holds the potential to retain talent, prevent post-transfer performance dips, understand employees' responses and reduce business risks, such as tribunals, revenge and sabotage (Garrow, 2003). When fulfilled, the psychological contract would be expected to have positive effects on employee performance due to the reciprocity norm which would encourage employees to

fulfil their contractual obligations to the organisation. The psychological contract has an impact on job satisfaction (Robinson, et al., 1994), organisational commitment (Turnley, et al., 2004), intention to quit (Arshad & Sparrow, 2010) and organisational citizenship behaviour (Restubog, et al., 2008). However, when unfulfilled that effect would be quite the opposite as explored in the section below.

2.2.3 Psychological Contract Violation

Psychological contract violation is an emotional and affective state that may follow from the belief that one's organisation has failed to fulfill the obligations of an individual's psychological contract and has been unsuccessful in adequately maintaining the balance of the psychological contract (Robinson & Morrison, 1995). As Rousseau (1989) explains, failure to meet the terms of a psychological contract produces more than just feelings of unmet expectations. It signals damage to the relationship between the organisation and the individual (Rousseau, 1989). Feelings of anger, frustration and betrayal to the organisation are likely to signify that there has been a violation in the psychological contract between the transferred employee and the new organisation. Research on psychological contract violation offers an explanatory framework for behavioural outcomes that frequently accompany organisational changes, such as psychological withdrawal, reduced contributions, withdrawal of extra-role or organisational citizenship behaviour, absenteeism, turnover and even in extreme cases sabotage (Garrow, 2003).

Morrison & Robinson (1997), suggest that contract breaches occur due to either deliberate violation of the contract (reneging) or due to a misunderstanding of obligations (incongruence). Incongruence may occur where an employee has, through poor communication or lack of interest, not had the opportunity to understand the organisations strategy and expectations of exchange (Garrow, 2003). In addition, Rousseau (1989) noted that contract breaches might occur because circumstances outside of the organisations control prevent employees or organisations from fulfilling their obligations (disruption). In a context of uncertainty and change, it often makes it unclear what both parties actually owe each other, thus making fulfilling obligations more difficult (Parks & Kidder, 1994).

Proposals regarding the role of psychological contract violation have emerged from three separate research streams (Tekleab, et al., 2005): (1) examinations of how organisational justice and social exchange relationships are related to one another (Cropanzano, et al., 2002); (2) work on relationships between perceived organisational support and the psychological contract (Aselage & Eisenberger, 2003); and (3) theory predictions about antecedents and outcomes of psychological contract violation on the part of the organisation (Robinson & Morrison, 1995; Restubog, et al., 2008; Braun, 1997). Thus, by testing the

relatively unexamined mediating effect of psychological contract violation in the relationship between procedural justice, perceived organisational support and employee reactions, this research contributes to the development of above three streams of research.

In the context where loyalty, job security and stability are expected from an organisation, the transfer of employees to another organisation is likely to disrupt the psychological contract. Post-TUPE transfer, employees may attempt to maintain the conditions established in their previous contracts and may refuse to give up what may now be potentially unrealistic expectations. As a result, imbalances in the psychological contract may be perceived but do not occur from management's failure to deliver on implicit outdated expectations. In addition, employers may fail to deliver on their side of the deal, not due to fault of their own but due to external forces and pressures.

During the TUPE process organisations may present a more favourable perspective of jobs and the organisation. Promises are made to the transferring employees, which the employees expect will to be upheld. If based on false inaccurate information, unrealistic expectations will be formed and the chances of breaching the psychological contract will be high. During the TUPE process, through the initial interactions with the new organisation, new expectations and obligation may be established. Employees who have exposure to formal socialization and induction practices and have interacted with organisational representatives would be less likely to experience a contract breach due to incongruence (Aselage & Eisenberger, 2003). Robinson and Morrison (2000) found that employees who had experienced a contract breach with past organisations were more likely to report a contract breach in their current organisation. Therefore, it can be inferred that multigenerational TUPE'd employees who have experienced a history of breaches with past employers would have increased scepticism and are more likely to experience a contact breach with the current employer. If an organisation fails to fulfil these promises, the employees may feel that their psychological contract has been violated and act in a way that will be against the interests of the organisation. At an individual level these expectations if unmet will strike at the heart of the psychological contract.

Psychological contract violation is likely to have implications for employee and organisational performance and therefore it is necessary to understand what leads to psychological contract violation and what the consequences of psychological contract violation are. Critical commentaries ask to what extent psychological contract violation leads to tangible changes in employee attitude and behaviour, and ultimately organisational performance (Pate, et al., 2003). The study aims to address the question of why does psychological contract violation matter and how do we influence it by looking at its antecedents and outcomes within the context of an acquisition.

2.2.4 Antecedents of Psychological Contract Violations

Triggers of psychological contract violation may be rooted in an organisations inability to meet their obligations regarding distributive, procedural and interactional aspects of justice (Andersson, 1996). Workers seem to evaluate the fairness of roughly three classes of events: the outcomes or rewards they receive (distributive justice), formal processes and practices (procedural justice), and the interpersonal treatment they receive (interactional justice) (Cropanzano, et al., 2002).

Procedural justice applies more to the exchange between the individual and organisations, whereas interactional justice applies more to the exchange between individual and his or her supervisor (Cropanzano, et al., 2002). Procedural justice will therefore be more closely associated with reactions toward upper management and organisational policies, whereas interactional justice will be more closely associated with reactions toward one's supervisor and job performance. Therefore, when compared to distributive justice, procedural justice tends to be a better predictor of reactions to the organisation as a whole, upper management and human resource systems (Cropanzano, et al., 2007; McFarlin & Sweeney, 1992). Similarly, psychological contract violation concerns perceived discrepancies between obligations in the relationship between an individual employee and the organisation. Under TUPE legislation, organisations are obligated to preserve the elements of reward and distribution (distributive justice) of each employee as was agreed by the previous employer. In addition, in any instances it is an entire workforce in their existing structure which is transferred or taken over. By extension, the structure of management and supervision is likely to be preserved which means that interpersonal treatment (interactional justice) will be constant with employees direct line managers. Therefore, given these differences between various forms of justice and the characteristics of TUPE it is proposed that only procedural justice will influence the psychological contract violation within the context of TUPE.

2.2.4.1 Procedural Justice

Procedural Justice refers to the fairness of the process by which a decision is made and tends to better predict reaction to the organisation as a whole, upper management and human resource systems (Konovsky, 2000). From a justice perspective, fair treatment is suggested to create closer, open-ended and higher quality social exchange relationships (Cropanzano, et al., 2007). Under this heightened psychological closeness, perceptions of employees will be cognitively biased toward the behaviours of the organisation by making that behaviour appear fairer than it actually is (Tekleab, et al., 2005). In a review of the explanations for organisational justice effects, the psychological contract is one of five variables recent researchers have used to operationalise the social exchange relationship

concept in the growing body of research examining the chain of relationships between justice, social exchange and employee reactions (Cropanzano, et al., 2002). Prior empirical research has provided evidence that the level justice present in management decisions about employees is directly related to the quality of the social exchange relationship between the employee and their organisation (Cropanzano, et al., 2002). The resulting social exchange relationship has been proven to be a significant predictor of psychological contract violation (Coyle-Shapiro & Conway, 2004). Thus, a general effect of social exchange relationships on employees' perception of fairness of the organisations behaviour in meeting its obligations supports the negative effect of procedural justice on employees' perception of psychological contract violation.

The TUPE process is governed by legislation, which sets out the legal obligations and timescales for transferor and transferee to comply with. It is a time of uncertainty, challenge and change and can be a very stressful for all those involved. Within the context of TUPE, employees' perception to how organisations handle the procedures related to the transfer, and how managers treat employees throughout is significant in predicting employees' perceptions of fairness. Treating employees with kindness, respect and dignity; involving employees in the process; being open, honest and transparent about what is happening; listening to employees concerns and being sensitive to their individual needs is likely to lead to the perception of a fair process. When expectations of fairness are not met, employees perceive the organisation as not fulfilling their obligations and a negative exchange relationship is formed (Rousseau 1995, as cited in Arshad & Sparrow, 2010). The provision of open honest exchanges at the point of transfer will facilitate the creation of realistic expectations and promises which will promote the likelihood of fulfilling these, thus preventing psychological contract violation. In effect, if the organisations treatment of employees throughout the TUPE process has not met their expectations of fairness or mislead employees it will be perceived that the organisation has not met its obligations and it will lead to a negative appraisal of psychological contract violation. It is the perceived unfairness which lends to a negative affective reaction of psychological contract violation, which stems from the perception of not receiving what is expected from the organisation. Therefore, it is posited that a positive evaluation of the level of perceived procedural justice will lead to a negative evaluation of the level psychological contract violation.

Hypothesis 1: Perceived procedural justice will be negatively related to psychological contract violation

2.2.4.2 Perceived Organisational Support

Achieving heightened psychological closeness, such as described above, can also be obtained through perceiving organisational support. For the purposes of this study, perceived organisational support will be defined as the global beliefs concerning the extent to which the organisation values employees contributions and cares about their well-being (Eisenberger et al., 1986). Organisational support theory holds that employees form a general perception concerning the extent to which the organisation values their contributions and cares about their well-being which determines whether the organisation will realise the benefits of increased work effort (Eisenberger, et al., 2004). Perceived organisational support, like the psychological contract, is founded in the social exchange theory and is concerned with the free exchange of valuable resources and fairness (Aselage & Eisenberger, 2003). However, despite their similarities, perceived organisational support is focused on the level of support given not promises kept and what is delivered not what is promised which builds the socioemotional bond (Tekleab et al., 2005).

Aselage and Eisenberger (2003) proposed that high quality perceived organisational support will make employees less likely to notice minor contract breaches and will make employees who do notice a breach more willing to give the organisation the benefit of the doubt. Thus, perceived organisational support is positively related to the employees' perception that the organisation has fulfilled its obligations to them under the psychological contract (Aselage & Eisenberger, 2003). By boosting self-esteem and assuring employees that aid is available when needed, perceived organisational support might lessen perceived loss of control and consequent strain when employees experience major organisational change (Aselage & Eisenberger, 2003). In the literature, perceived organisational support is recognized as the predictor as well as moderator of psychological contract violation (Aggarwal, et al., 2007). Cropanzano et al. (2002), proposed a general effect of social exchange relationships on one party's perceptions of the fairness of the other parties behaviour that supports the negative effect of perceived organisational support on employee perceptions of psychological contract violation.

Transferred employees are likely to be critical of their new employer and this evaluation will be influenced by the level of support offered by the new employer. Initially there may be resistance, a 'them vs. us' mentality, sense of being treated as a disposable resource and the perception of powerlessness. If throughout the TUPE process the new employer shows genuine concern for employees' wellbeing, opinions and job satisfaction; considers each employees' goals, values and needs and recognises employees' contribution and efforts it is likely that the employee will feel supported by the new organisation. Supported employees are likely to have a positive exchange relationship with the organisation and will therefore be more likely to positively evaluate the organisation, perceive that the organisation has met their side of the deal and are more likely to overlook any unmet expectations. Therefore, it is

posited that a positive evaluation of the level of perceived organisational support will lead to a negative evaluation of the level of psychological contract violation.

Hypothesis 2: perceived organisational support will be negatively related to psychological contract violation

2.2.5 Outcomes of Psychological Contract Violation

Following a merger, acquisition or contracting out of services, employees will assess what the new deal is going to look like and if it is unfavourable, and the employee cannot leave or has no employment alternative, the result is likely to be lower job satisfaction or a deliberate attempt to restore the balance by, for example lowering productivity and commitment (Garrow, 2003). Violations of an individual's psychological contract will result in a number of attitudinal and behavioural changes which have significant implications for organisations (Morrison & Robinson, 1997). Literature on psychological contract violation provides evidence of the negative reactions of employees to unfulfilled promises. Psychological contract violation can result in a wide range of responses from employees, which are dependent on the strength and significance of the perceived violation. The range of responses can vary from feelings of disappointment, frustration and distress (Robinson & Morrison, 1995), to more extreme reactions such as anger, resentment and bitterness (Rousseau, 1989) and behavioural outcomes such as lower OCB (Robinson & Morrison, 1995; Restubog, et al., 2008), decreased performance and reduced commitment (Arshad & Sparrow, 2010), low job satisfaction (Tekleab, et al., 2005), lack of trust (Pate, et al., 2003) and intention to leave (Tekleab, et al., 2005). However, research on the over-fulfilment of promises on attitudinal and behavioural consequences is scarce (Tsui, et al., 1997). Therefore, a case has been made for the need to investigate the positive outcomes associated with overinvestment in employees (Aggarwal, et al., 2007). This study aims to do this by proposing, the relatively unexplored, employee engagement as an outcome to over fulfillment of the psychological contract. There is a growing interest in employee engagement and psychological contract because both constructs have the potential to predict employee outcomes, organisational success and financial performance (Aggarwal, et al., 2007).

2.2.5.1 Employee Engagement

Similar to the psychological contract, employee engagement has been defined in many different ways and the definitions and measures often sound like other better known and established constructs (Saks, 2006). However, although the definition and meaning of engagement in practitioner literature often overlaps with other constructs, in academic literature it has been defined as a distinct and unique construct that consist of cognitive,

emotional and behavioural components that are associated with individual role performance (Saks, 2006). Employee engagement is most commonly defined as the emotional and intellectual commitment to the organisation (Shaw, 2005) or the amount of discretionary effort exhibited by employees in their jobs (Frank, et al., 2004). Consultants have focused on employee engagement encompassing in some combination affective commitment (pride in the organisation), continuance commitment (intention to remain with the organisation), and OCB (being willing to go the extra mile) (Bhatnagar & Biswas, 2010).

Social exchange theory provides the theoretical foundation to explain why employees choose to become more or less engaged in their work and organisation. Reciprocity lends to the argument that if employees perceive that the organisation has provided them with benefits or resources the individual will seek to restore balance and one way for the employee to repay the organisation is through their level of engagement (Aggarwal, et al., 2007). Bringing oneself more fully into one's work roles and devoting greater amounts of cognitive, emotional and physical resources is a very profound way for individuals to respond to an organisations actions (Saks, 2006). Employee engagement literature suggests that when an employee receives resources from their organisation, they bring themselves more fully to work roles and devote greater amounts of cognitive, emotional and physical resource (Aggarwal, et al., 2007). By extension therefore, the amount of cognitive, emotional and physical resource that an individual is prepared to devote in the performance of one's work roles if contingent on the organisation meeting or exceeding their expectations for receiving economic and socio-emotional resources. However, employees who perceive a discrepancy in the promises made to them by the organisation may feel cheated and look for negative ways to restore the balance. Disengaged employees uncouple themselves from work, display incomplete role performance and task behaviours, put less effort in and become automatic and robotic (Aggarwal, et al., 2007).

Surprisingly, only a few studies have actually investigated the relationship between psychological contract violation and employee engagement, which is yet to be applied to the context of TUPE. Within the TUPE context, if it has been perceived that the new employer has betrayed the employee, violated its obligation to the employee or short-changed the employee with regard to resources anticipated, the employee will seek to balance the relationship and to reciprocate this violation. It is posited that the employee will no longer be willing to go the extra mile, exert personal effort for the organisations success, be an advocate of the organisation and would become disengaged. The model therefore hypothesizes that psychological contract in a state of negative imbalance will lead to employee disengagement and therefore psychological contract violation predicts the extent of employee engagement.

Hypothesis 3: psychological contract violation will be negatively related to employee engagement

Furthermore, as the model hypothesizes given that the antecedents are expected to predict psychological contract violation and psychological contract violation predicts the outcomes, it is possible that psychological contract violation mediates the relationships between the antecedents and consequences. If an employee perceives that treatment through the TUPE process has been fair, however post-TUPE perceives that the organisation has violated its promises, the employee is likely to respond negatively and become disengaged. The norm of reciprocity of social exchange theory forms the basis premise of procedural justice and organisational support. In particular, when employees have high perceptions of justice in their organisation, they are more likely to feel obligated to also be fair in how they perform their roles by giving more of themselves through greater levels of engagement (Saks, 2006). Likewise, perceived organisational support creates an obligation on the part of the employee to care about the organisations welfare and to help the organisation reach its objectives (Rhoades & Eisenberger, 2002). In other words, when employees who have transferred to a new organisation, believe the organisation has treated them fairly, is concerned about them and cares about their well-being, they are more likely to respond by attempting to fulfil their obligations to the organisation by becoming more engaged. Research, albeit limited, has provided evidence to support the relationship between procedural justice and perceived organisational support respectively and employee engagement (Aggarwal, et al., 2007; Saks, 2006). To prove mediation is it predicted that the relationship between the antecedents (procedural justice and perceived organisational support) and the outcome (employee engagement) will decrease (partial mediation) or no longer be significant (full meditation) when controlling for the mediator (psychological contract violation).

Hypothesis 4: psychological contract violation will mediate the relationship between the antecedents and the outcome

3. RESEARCH METHODOLOGY

It is the devotion of this study to serve the epistemic imperative (quest for truthful knowledge) in arriving at a model that best fits and corresponds to reality and is largely dependent on the methodology used to arrive at this point. In the systematic and rigorous search for objective evidence the study strives to increase the likelihood of arriving at rational judgments in the process of scientific inquiry, this is achieved through the use of objective methodology and techniques (Babbie & Mouton, 2001). In the quest for knowledge, the epistemological position of positivism is adopted to confirm the relationship between the variables of interest through the use of a quantitative method.

The following section will provide the case study upon which the research is based and describes the quantitative research process, design and analysis. The design and composition of the measures that comprise the survey questionnaire are outlined and described.

3.1 THE CASE STUDY

The research on which this study is based derives from a case study and relates to the acquisition of a market leading provider of specialist fleet and passenger services to UK local authorities (Company A) by a support services company providing essential maintenance and enhancement services to the public and regulated sectors (Company B). The acquisition took place in November 2011 for £34.9m.

Company B employs over 6000 employees and is a support services company delivering essential front-line maintenance and enhancement services in the following sectors: environmental services; highway services; facility services; utility services; rail services and waterways services. More than 95 percent of Company B's business is in long-term contracts to deliver these essential maintenance services to public sector and regulated sector clients in the UK. The growth and market expansion of Company B is achieved through acquisitions and tendering to secure new contracts for service provisions. This process is managed by a dedicated bid team with the assistance of various stakeholders within the Organisation.

Company A, originally part of a County Council, is now the UK's leading provider of specialist fleet management and passenger services to the public sector and has worked across the sector for over 30 years. Company A manages over 2,800 specialist vehicles from 20 locations for over 40 customers. For the year to 28 February 2011, Company A achieved earnings before interest, tax, depreciation and amortisation of £17.6 million on revenues of £34.7 million, with EBITA in the year of £5.3 million. At acquisition, Company A had total assets of approximately £53.6 million and employed over 600 employees. These employees transferred to Company B through a process of consultation under TUPE legislation.

The rationale of the acquisition for Company B includes the consistency of strategic and business models of the two Companies; access to the UK's £730 million local authority specialist fleet services and £3 billion local authority passenger services markets; strengthening of Company B's market leading positions in highways maintenance and environmental services; significant cross-selling opportunities; extension of Company B's national coverage and client base; and supplementing Company B's existing £1.5 billion forward order book by Company A's £85 million order book.

Commenting on the announcement, Chief Executive of Company B, said: “this acquisition is a good strategic fit and is expected to be earnings enhancing in the first year. It brings into the Company Group a portfolio of services and clients which are highly complementary to our existing business, augmenting our strong positions in Highways and Environmental Services as well as further establishing the Group as the leading support services business in the UK. We look forward to working with the team to deliver continued positive returns to all our stakeholders” (Plimmer, 2011).

3.2 PARTICIPANTS

Participants for the cross-sectional study included employees who have recently transferred into Company B through the process of TUPE in November 2011. A list of 600 recently TUPE employees and their home addresses were provided by the human resource department. To ensure scientific value of results through generalisability, Tabachnick and Fidell’s (2007) formula for calculating sample size requirements was used: $N > 50 + 8m$ (where m = number of independent variables). Through the use of this equation a sample size of 74 was required, however to accommodate for non-returns and decrease the risk associated with violations to normality, a sample of 200 was selected through systematic random sampling with equal-probability of selection. Every third name on the list from the sampling frame was systematically selected for the sample at regular intervals. Comparative descriptive data on the averages of population and sample is provided in Table 1 below. The sample is slightly older than the median age of the population group and the percentage males in the sample was higher than that of the population. The length of service, which is preserved due to TUPE legislation, within the sample was higher than that within the population. The participants consisted of both operational and office staff working in a variety of jobs at various hierarchical levels at throughout various locations in the UK. A full list of job titles, grades and employee types of the sample is provided in Appendix 7.1, 7.2 and 7.3.

Table 1. Comparative data

Average:	Population	Sample
Age	49	51
Gender	Male 73%; Female 37%	Male 76%; Female 34%
Length of service	6	9

3.3 PROCEDURE – RESEARCH METHODS

A quantitative survey was used as the data collection technique to gather employee responses which was used to statistically test the relationship between the variables as proposed by the model. Data were collected at one point in time, 9 months post-TUPE transfer via mail surveys sent to employees' home addresses. The choice of data collection method was influenced by several factors, including costs, geographic coverage of the target population, restrictions in time and the need to minimization of disruption to operations.

A survey research design method was chosen as the best way to address the research questions. A pilot test was conducted with 10 TUPE employees to ensure that the instructions, questions and scales were clear and easy to understand. Minimal changes were made as the result of the pilot and were only due to a grammatical error.

A total of 200 questionnaires were posted to the home addresses of operational and office employees. A prepaid and self-addressed envelope was provided to facilitate the return of the questionnaires. The questionnaire included a cover letter, provided in Appendix 7.4, which informed participants of the purpose of the study. Participants were asked to complete the questionnaire as part of a study on employees work experiences and perceptions following the acquisition of Company A by Company B. Participants were informed that participation was voluntary and all responses would remain confidential and anonymous. Questionnaires were completed outside of working hours to minimise disruption to business operations. As employees were not provided with the time to complete these questionnaires in work hours, it is believed to have resulted in the moderate response rate. Employees were given a week for the completion and return of the questionnaires. The response rates are provided in Table 2 below.

Table 2. Reponse rate

Population	Sample	Returned	Returned and completed correctly
600	200	117	114
		59%	57%

3.4 RESEARCH ANALYSIS METHOD

To empirically investigate the hypothesis that variance in employee engagement can be explained in terms of variance in psychological contract violation, which in turn can be explained by variance in perceived organisational support and procedural justice, a strategy of analysis is required that will provide unambiguous empirical evidence to support the proposed predictive model.

The study attempts to confirm certain hypothetical relationships between the variables comprising the proposed model in Figure 1. Multiple regression was selected as a more sophisticated extension of correlation due to the requirement to explore the predictive ability of the independent variables on the dependent variable. In selecting the statistical method consideration was given to the type of research question (the relationship between variables), type of items and scales included in the questionnaire (questionnaire items, continuous scales); nature of each variable (two independent, one moderator, one dependent) and the assumptions that must be met for the statistical technique (sample size, multicollinearity, outliers, normality, linearity, homoscedasticity, independence of residuals).

Data were examined by multiple regression analyses using Statistical Package for Social Sciences (SPSS) version 19.0 and the model was tested to confirm the relationships between the identified variables. In order to test the hypotheses for the antecedents and outcomes of psychological contract violation, the measure of psychological contract violation was regressed on both antecedents simultaneously and outcomes variable respectively. To test for the mediating effect of psychological contract violation, Baron and Kenny's (1986) three conditions for mediation were established, as demonstrated in the Findings and Analysis chapter.

3.5 MEASURES

For the purpose of measurement to operationalise the underlying constructs, items have been selected from standardized, reliable and validated questionnaires to make up a survey instrument comprising 40 items. The reliability of each measure was evaluated to ensure the scales were free from random error. An index of internal consistency (Cronbach's coefficient alpha) measure was used to determine whether the items in the scale are measuring the same thing.

Psychological contract violation

As identified in the literature review, there are many different definitions which lead to many different measures of the psychological contract. In a recent study, Freese and Schalk (2008) assessed the content and construct validity of existing psychological contract measures. Following the analysis, Freese and Schalk concluded to recommend Robinson and Morrison (2000) as a scale which provides multiple usage opportunities. Consistent with their previous definitions of psychological contract violation as provided above, Robinson and Morrison (2000), refer to violation as the emotional and affective state that may under certain conditions follow from the belief that one's organisation has failed to adequately maintain the psychological contract. This measure captured employees' perceptions of how well their psychological contract had been fulfilled by their organization and has demonstrated adequate levels of reliability and construct validity in past research (Cronbach's alpha = .92 in

Robinson & Morrison, 2000). An example of an item in this scale is 'I feel extremely frustrated by how I have been treated by my organisation'. Participants indicated their response on a five point likert scale, with anchors (1) 'strongly disagree' to (5) 'strongly disagree'. The assessment of psychological contract violation therefore measures emotional responses regarding how they feel in relation to the organisations failure to fulfil its promises following the process of transfer into Company B.

Antecedents of psychological contract violation

Procedural Justice

Procedural justice refers to the extent to which the employees who transferred from Company A perceived the transfer under TUPE as a fair procedure and was measured using a 14 item scale developed by Mansour-Cole & Scott (1998). This measure has demonstrated adequate levels of reliability and constructs validity in past research (Cronbach's $\alpha = .88$ in Mansour-Cole & Scott, 1998). An example of an item in this scale is 'management clarified decisions and provided additional information when requested by employees'. Participants were asked to indicate the extent to which they agreed with the statements on a five point likert scale, with anchors (1) 'strongly disagree' to (5) 'strongly disagree'. The assessment of procedural justice therefore measures emotional responses regarding whether or not employee felt that the Company conducted a fair and just TUPE procedure.

Perceived Organisational Support

As previously outlined, perceived organisational support refers to the extent to which an employee perceives the organisation genuinely cares about the employees' wellbeing and values their contribution. Eisenberger et al. (1986)'s scale of perceived organisational support was used to capture the perceptions of the transferred employees regarding how Company B has supported them through the transfer process. Perceived organisational support was assessed with a shortened nine item scale. The shortened version of this scale has demonstrated adequate levels of reliability and constructs validity in past research (Cronbach's $\alpha = .90$ in Eisenberger, et al., 1997). This measure captured the perceived degree to which the organization values and supports individual employees and was used to operationalise the overall exchange quality between an individual and the organization. An example of an item in this scale is 'the organisation really cares about my well-being'. The commitment statements were incorporated into the questionnaire for which employees used a 7-point likert scale (1 = strongly disagree, 7 = strongly agree) to indicate the extent of their agreement with each item. Two items in the scale were negatively worded and therefore needed to be reversed before a total score could be calculated. The assessment of perceived organisational support therefore measures the emotional responses of employees regarding the degree to which they felt cared for and supported throughout the TUPE process.

Outcomes of psychological contract violation

Employee engagement

Employee engagement has been described above as the amount of emotional and intellectual commitment to the organisation. Gallup’s (1998) Q12 instrument was used to measure the employee engagement of the transferred employee to Company B. An example of an item in this scale is ‘the mission or purpose of my company makes me feel my job is important’. Participants indicated their response on a six point likert scale, with anchors (1) ‘strongly disagree’ to (5) ‘strongly disagree’ and a sixth response option — don’t know/does not apply (un-scored). As a total instrument (sum or mean of items 01-12), the Q12 has a coefficient of reliability of 0.91 at the business-unit level in Gallup, 1998.

All scales utilised in the study were subject to analysis to check for reliability. Ideally, the Cronbach alpha coefficient of a scale should be above .7 (DeVellis, 2003). As displayed in Table 3 all measures used within this study have a good internal consistency as reported by their respective Cronbach alpha coefficients. Items for all scales used in the study as listed in the Appendix 7.5. It should be noted that the coefficient of reliability are slightly higher in the current than original studies. This can be explained due to the use of a relatively moderate sample with reference to one acquisition, whom may of shown a tendency to answer questions consistently.

Table 3. Reliability of measures

	Reliability Statistics			
	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items	N of Sample
Procedural Justice	.986	.986	14	114
Perceived Organisational Support	.975	.976	9	114
Psychological Contract Violation	.936	.940	4	114
Employee Engagement	.930	.930	13	114

4. FINDINGS AND ANALYSIS

The purpose of this chapter is to present the findings from the statistical analysis of the data obtained from the questionnaire and to provide evidence to support the proposed relationships as outlined by hypothesis. There is a case to first explore the descriptive statistics of the model and to test the assumptions of the selected statistical technique to determine whether confidence can be placed in the results.

It is acknowledged that multiple regression is one less forgiving statistical techniques for violations to assumptions. Assumptions which need to be considered include: outliers, normality, linearity, independence of residuals and multicollinearity. Table 4 presents the

means, standard deviations, minimum, maximum, skewness and kurtosis of the variables used in this study. In conducting tests for normality on the distribution of scores, concern has been raised as the skewness values as provided in Table 4 indicate a lack of symmetry of distribution. As psychological contract violation has a positive skewness value scores would be clustered to the left at the low values. All other values are negative and this indicates a clustering of scores at the high end. Furthermore, the kurtosis measure suggests a relatively flat distribution when compared with a normal distribution. All kurtosis values are below zero which indicates a distribution that is relatively flat. Kurtosis can result in an underestimation of the variance (Tabachnick & Fidell, 2007). In a perfectly normal distribution a skewness and kurtosis value of 0 would be expected (Pallant, 2010).

Table 4. Descriptive statistics

Descriptive Statistics									
	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
total procedural justice	114	14	56	39.65	15.216	-.546	.226	-1.304	.449
total perceived organisational support	114	9	56	31.34	14.597	-.285	.226	-1.312	.449
total psychological contract violation	114	4	20	9.92	4.599	.467	.226	-.705	.449
total employee engagement	114	14	60	40.88	11.083	-.437	.226	-.670	.449
Valid N (listwise)	114								

The concerns raised regarding normality require further investigation and therefore alternative techniques were conducted. The data had been inspected for extreme values using the 5 percent trimmed mean. For each measure this value was not significantly different from the original mean (as displayed in Table 5), indicating that it was not needed to investigate these data points further. Inspection of the Mahalanobis distance for each output is below the critical value for each case which further supports the suggestion that there are no concerns regarding outliers.

Table 5. Trimmed Mean

Descriptive Statistics			
	N	Mean	5% Trimmed Mean
total procedural justice	114	39.65	40.17
total perceived organisational support	114	32.34	31.34
total psychological contract violation	114	9.92	9.72
total employee engagement		40.88	41.11
Valid N (listwise)			

In Table 6, Test of Normality, the Kolmogorov-Smirnov statistic is given which provides further evidence to suggest a violation of the assumption of normality as the sig. value is less than .05 for all values.

Table 6. Test of Normality

Tests of Normality						
	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
total employee engagement	.111	114	.002	.958	114	.001
total procedural justice	.187	114	.000	.841	114	.000
total percived organisational support	.204	114	.000	.889	114	.000
total psycholgical contract violation	.144	114	.000	.932	114	.000
a. Lilliefors Significance Correction						

Although the concerns raised regarding potential violation to the assumption of normality have been noted, this is not considered a major source of concern. Rather, it is accepted that these result may in fact provide insight instead of reflecting error in the distribution. The constructs of concern to this study are based on personal opinion and are by their nature subjective. It is likely that employees' responses would be based on their perspectives which are unique to the individual and it is likely that individuals will take a stance and not sit on the fence when filling out the questionnaire. Employees will hold an opinion on whether an organisation has met its obligations or whether the organisation cares about their wellbeing and are unlikely to remain impartial regarding their opinion. However, despite the evidence of non-normal distribution, this can be expected as a normal distribution is a rather uncommon occurrence in social sciences (Pallant, 2010). Therefore, this does not necessarily indicate a problem with the scale, but rather reflects the underlying nature of the constructs.

The relationships between the variables in the proposed model were investigated using Pearson product-moment correlation coefficient. Preliminary analyses were performed to ensure no violation of the assumption of normality, linearity and homoscedasticity. As shown in Table 7 there was a strong significant ($p<0.01$) correlation between all variables. As expected, the antecedents are significantly negatively related to psychological contract violation and psychological contract violation is significantly negatively related to employee engagement. The direction of all relationships were positive, apart from correlations with psychological contract violation which were negative. It should be noted that the correlation between the independent variables is quite high which raises concerns of multicollinearity. In particular when calculating the coefficient of determination for the antecedent variables it is evident that they share over 80% variance. Therefore, tests were conducted using collinearity diagnostics as part of the multiple regression procedure. A tolerance value of .199 was obtained, which indicates the amount of variability of the specified independent variable that is not explained by the other independent variable in the model. As this value is not less than

.10 it indicates that the multiple correlation with the other variable is not too high, which would have suggested the possibility of multicollinearity. Furthermore, the results reported a Variance Inflation Factor (VIF) of 5.018, which is below the cut-off of 10 therefore the multicollinearity assumption has not been violated. However, these cut-off points for determining the presence of multicollinearity still allow for quite high correlation and should therefore only be taken as warning signs to check the correlation matrix. However, despite evidence to the contrary the decision to remove one of the highly intercorrelated independent variables from the model was rejected within this study. Literature has supported this strong relationship between these variables, for instance, amongst others, Tekleab et al. (2005) demonstrated that procedural justice tends to predict perceived organisational support and Aselage and Eisenberger (2003) suggested that employees' repeated exposure to fair procedures would accrue to perceived organisational support. It would seem natural therefore that these two variables were highly correlated. Furthermore, the halo effect which would cognitively bias employees' perceptions of constructs by their overall impression of the organisation may have played a part, which will shed light on the high correlations in Table 7. However, these issues have not been dismissed as they do raise concerns for the practical significance of the results which will be further discussed in the section on study limitations and future research.

Table 7. Correlations

Correlations					
		total procedural justice	total perceived organisational support	total psychological contract violation	total employee engagement
total procedural justice	Pearson Correlation	1	.895**	-.775**	.794**
	Sig. (2-tailed)		.000	.000	.000
	N	114	114	114	114
total perceived organisational support	Pearson Correlation	.895**	1	-.773**	.828**
	Sig. (2-tailed)	.000		.000	.000
	N	114	114	114	114
total psychological contract violation	Pearson Correlation	-.775**	-.773**	1	-.748**
	Sig. (2-tailed)	.000	.000		.000
	N	114	114	114	114
total employee engagement	Pearson Correlation	.794**	.828**	-.748**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	114	114	114	114
**. Correlation is significant at the 0.01 level (2-tailed).					

Antecedents of psychological contract violation

In order to test the hypotheses for the antecedents of psychological contract violation, multiple regression analyses were conducted in which the measure of psychological contract violation was regressed simultaneously on both antecedent variables. With respect to objective (1) of the study, as shown in Table 8 the results indicate that procedural justice and perceived organisational support explained a significant amount (63 percent) of the variance in psychological contract violation ($\text{adj } R^2 = .626, p < .0001$). It was decided to report adjusted R square as it provides a more conservative estimation of the true value in the population, in particular when there were questions surrounding the normality of data.

Table 7. Multiple regression analyses predicting psychological contract violation

Model Summary ^a				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.795 ^a	.633	.626	2.813
a. Predictors: (Constant), total perceived organisational support, total procedural justice				
b. Dependent Variable: total psychological contract violation				

With respect to the study hypotheses, as shown in Table 9 procedural justice makes a unique statistically significant contribution to explaining psychological contract violation ($B = -.415, p < .01$). The beta value for perceived organisational support was lower, indicating that it made less of a unique, albeit significant, contribution ($B = -.402, p < 0.01$). Therefore, procedural justice makes the stronger unique contribution to explaining psychological contract violation, when the variance explained by the other variable in the model is controlled for. It is proposed that this is due to overlap with procedural justice in the model. The two independent variables are reasonably strongly correlated ($r = .886$), therefore there is a lot of shared variance. Procedural justice uniquely explains 3 percent (part co-efficient coefficient $= -.185$) of the total variance in psychological contract violation, whereas perceived organisational support also provides 3 percent (part co-efficient coefficient $= -.180$) unique contribution to the explanation of variance in psychological contract violation. Consideration was given to the removal of one of the variables in the model, however, as both variables make a statistically significant unique contribution to the equation this was not done. The results above therefore provide support for Hypothesis 1 and 2.

Table 8. Antecedents coefficients of psychological contract violation

Coefficients ^a							
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	Correlations	Collinearity Statistics

		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	18.865	.746		25.282	.000	17.387	20.344					
	total procedural justice	-.125	.039	-.415	-3.219	.002	-.203	-.048	-.775	-.292	-.185	.199	5.018
	total perceived organisational support	-.127	.041	-.402	-3.121	.002	-.207	-.046	-.773	-.284	-.180	.199	5.018

a. Dependent Variable: total psychological contract violation

Consequences of psychological contract violation

To test the hypothesis for the consequence of psychological contract violation, multiple regression analyses were conducted in which employee engagement was regressed on psychological contract violation. With respect to objective (2) of the study, as shown in Table 10 the results indicate that psychological contract violation explained a significant amount (56 percent) of the variance in employee engagement ($\text{adj } R^2 = .555, p < .0001$).

Table 9. Multiple regression analyses predicting employee engagement

Model Summary ^a				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.748 ^a	.559	.555	7.392

a. Predictors: (Constant), total psychological contract violation
b. Dependent Variable: total employee engagement

With respect to the study hypotheses, as shown in Table 11 psychological contract violation makes a unique statistically significant contribution to explaining employee engagement ($B = .748, p < .001$). Therefore, these results provide support for Hypothesis 3.

Table 10. Antecedent Coefficients of Psychological Contract Violation

Coefficients ^a													
		Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	58.754	1.652		35.566	.000	55.481	62.027					

total psychological contract violation	-1.802	.151	-.748	- 11.918	.000	-2.101	-1.502	-.748	-.748	- .748	1.000	1.000
a. Dependent Variable: total employee engagement												

Mediating effects of psychological contract violation

To test the hypothesis that psychological contract violation will mediate the relationship between the antecedents and the consequences, the following three regression equations should be estimated: first, regress the mediator (psychological contract violation) on the independent variables (procedural justice and perceived organisational support); second, regress the dependent variable (employee engagement) on the independent variable (procedural justice and perceived organisational support); and third, regress the dependent variable (employee engagement) on both the independent variables (procedural justice and perceived organisational support) and the mediator (psychological contract violation) (Baron & Kenny, 1986). Separate coefficients for each equation were tested. According to Baron and Kenny (1986) in order to establish mediation, the following three conditions must hold: first, the independent variables (procedural justice and perceived organisational support) must affect the mediator (psychological contract violation) in the first equation; second, the independent variables (procedural justice and perceived organisational support) must be shown to affect the dependent variable (employee engagement) in the second equation; and third, the mediator (psychological contract violation) must affect the dependent variable (employee engagement) in the third equation. If these conditions all hold, then the effect of the independent variable on the dependent variable must be less in the third equation than in the second.

The first and third condition has been met as described above. For the second condition, the antecedents were related to the consequence. In order to test for a mediation model in which psychological contract violation mediates the relationship between the set of antecedents and outcome, further regression analyses were conducted in which employee engagement was regressed against the antecedents and then again with the mediator. The results indicated that procedural justice makes a unique statistically significant contribution to explaining employee engagement of 1 percent ($B=.263, p<0.05$). This contribution is no longer significant when psychological contract violation is controlled ($p>0.05$). Furthermore, results indicate that perceived organisational support makes a unique statistical contribution to explaining employee engagement of 7 percent ($B=.535, p<0.001$) which drops to 5 percent ($B=.499, p<0.001$) when psychological contract violation is controlled. For employee engagement, the variance explained by procedural justice was reduced to non-significance when psychological contract violation was controlled indicating perfect mediation. Perceived organisational support's contribution was significantly reduced indicating partial mediation. Overall, these results suggest that the relationship between the antecedent and the

consequence is partially mediated by psychological contract violation. Therefore, the results provide partial support for Hypothesis 4.

5. CONCLUSIONS AND RECOMMENDATION

In the current dynamic and turbulent organisational setting, change is inevitable. Organisational change strategies, such as mergers, acquisitions and contract transfers are widespread, however they remain challenging and their success rates remain unsatisfactory (Bellou, 2006). In an attempt to improve these rates, an increasing number of researchers have stressed the importance of understanding and managing the human factor (Bellou, 2006). By acknowledging that psychological contracts are critical to understanding employee reactions to change (Shield et al., 2002), this study draws on the social exchange theory to test a model of the antecedents and outcomes of psychological contract violation within the context of a major organisation change. The study argued that at the point of transfer if employees feel as if the organisation does not value their contribution, care for their well-being or has not conducted an open and fair process, this would cause them to perceive a violation to their psychological contract post-TUPE and as a result the employees would become disengaged with the new organisation. The findings above find support for the model of antecedents and consequences of psychological contract violations caused by the experience of a transfer of employees under TUPE due to an acquisition. This study contributes to the limited research on psychological contract violation by finding support for the objectives of this study and makes a number contributions to research and practice. The following section will provide a summary of the finding in relation to the objectives of this study and reveal the implications for literature and practice.

In relation to Objective 1 of this study the results demonstrate that during the significant organisational change process of a TUPE transfer an employee's perception of procedural justice and organisational support will predict their appraisal of psychological contract violation. This is in line with prior empirical research and provides further evidence that the level of justice present in management decisions about employees and processes is directly related to the quality of the social exchange relationship between the employee and their organisation and this relationship has been proven to be a significant predictor of psychological contract violation (Coyle-Shapiro et. al., 2004; Cropanzano, et al., 2002). Furthermore, consistent with literature (Aselage et. al., 2003) the results demonstrate that high quality perceived organisational support will make employees less likely to notice minor contract breaches and will make employees who do notice a breach more willing to give the organisation the benefit of the doubt that they have in fact not met their obligations. The model suggests that perceived organisational support biases the employees evaluation of whether the organisation has fulfilled its obligations.

In relation to Objective 2 the results support the proposal that psychological contract violation will predict the employee engagement post-TUPE which is consistent with the literature that does exist on the relationship between employee engagement and psychological contract violation (Aggarwal, et al., 2007). The results of the study provide further support for the claim that if an employee perceives that their psychological contract has been violated by the employer the employee will seek to balance the relationship and become disengaged.

In relation to Objective 3 the results demonstrate that psychological contract violation will mediate the relationship between the antecedents and outcomes. In particular, results reveal that psychological contract violation fully mediates the relationship between procedural justice and employee engagement in that the relationship of procedural justice to employee engagement can be fully explained by psychological contract violation. Ultimately therefore, it is employee perceptions of violation, rather than procedural justice that directly determine employees' level of engagement. Furthermore, the results demonstrate that psychological contract violation partially mediates the relationship between perceived organisational support and employee engagement. Therefore, evidence has been found to support the proposal that the psychological contract can be used to explain the relationship between employee perceptions of fairness and support during a TUPE and their post-TUPE reaction of engagement.

Finally the results demonstrate the utility of social exchange theory in understanding the dynamics of the psychological contract. Under the social exchange theory employees who perceive higher levels of organisational support are more likely to reciprocate this by perceiving a positive high quality relationship with their employer and in turn will be more likely to reciprocate the met expectations by becoming more engaged.

Implications and Contributions for Research

The study contributes to research by expanding the scope of the social exchange theory by testing a range of employment relationship variables within the context of the relatively unexplored area of a TUPE transfer. Secondly, the study gives attention to the process through which TUPE transfers impact upon employee engagement by moving beyond justice and organisational support perspectives into the broader psychological contract framework. The study extends prior research by extending the chain of relationships among procedural justice, perceived organisational support, and employees reactions by testing and supporting the mediating role of psychological contract violation. The findings provide further empirical support for psychological contract theory proposals regarding the tendency of a high quality exchange relationship to prevent employee perceptions of contract violation. The findings suggest an additional means of theorizing the damaging effects of psychological contract violation, with a specific focus on the outcomes of violation for understanding the quality of the relationship between the employee and the organisations (engagement). In doing so the

study provides a theoretical bridge between psychological contract literature and the parallel literature on employee engagement. The findings of this study demonstrate the utility of the psychological contract construct within the literature and make it valuable for future research. Further investigation should be conducted to explore a broader model which includes a greater range of antecedent and outcome variables. Variables which could contribute to the explanatory nature of the model used in other research (Aggarwal et al., 2007; Ashad et.al., 2010; Tekleab, et. al., 2005) on psychological contract violation include; antecedents: HR practices, negative affectivity, LMX; and outcomes: intention to leave, OCB, organisational commitment. Future research should seek to uncover which variables are of greater importance to the psychological contract.

In addition, future research should study the effect of experimental interventions on the psychological contract. Interventions could be used to create a more positive exchange relationship where the employee would be less likely to experience violations to their psychological contract. For example, improving the quality and quantity of information and communication provided to employee during a TUPE or training managers to be more supportive could be effective by improving perceived procedural justice and perceived organisational support.

Implications and Contributions for Practice

The study contributes to practice by providing organisations with the opportunity to better manage the employment relationship and provides understanding to unlocking the engagement of the newly acquired workforce. The study has the potential to enrich employers' understandings of how to appreciate, predict and diffuse the harmful outcomes associated with perceptions of psychological contract violation. Understanding how these variables impact employees' reactions and behaviours following a TUPE are important for industries where growth and survival are dependent on expanding through winning contracts, acquisitions or mergers. The lessons learnt in this study can be applied to other major organizational change processes. The results have demonstrated the significance of the psychological contract in explaining employee engagement and its associated benefits. The study suggests that the outcomes of psychological contract violation should be taken seriously in practice. At best they can lower commitment, trust and loyalty and at worst can lead to sabotage and revenge (Garrow, 2003). This study supports, Garrow's (2003) view that the health of the psychological contract should be firmly at the top of the business agenda during periods of change if the proposed benefits of that change are to materialise. If organisations are to realise the benefits of a newly acquired workforce and ensure ease of transfer, focus should be given to the psychological contract. Whilst much focus is on ensuring the explicit written terms of employees contracts are met, employers should also pay attention to ensuring it manages the implicit expectations of the new employees. In order to do so, effort should be devoted to ensure employees perceive the TUPE process as fair and

transparent which can be achieved through increasing employee involvement in the process, providing sufficient and appropriate information, ensuring respectful and honest treatment of employees and promoting effective communication. In order to foster a healthy psychological contract at transfer stage realistic information should be conveyed to the new employees to ensure that accurate expectations are created about their job, management and the organisation and thus avoid the experience of feeling short-changed thereafter. Making promises that are subsequently not fulfilled, lays the ground for potential violations of psychological contract. Research has suggested that a healthy psychological contract is one that is clear and transparent (Garrow, 2003). It is important then that there is a clear and unambiguous communication between the organisation and the transferring employees about their mutual obligations regarding involvement, promotion opportunities, development, benefits, training and so forth. If mutual obligations and expectations are transparent to both parties to this relationship, there is less room for perceptions of violation to the psychological contract.

In addition, employers should be seen to support employees during this uncertain and stressful time. In order to do so employers should show concern for employees' wellbeing, satisfaction and options and extend themselves to assist the employees who may be anxious with what the future holds. In this context employees are likely to perceive that their organisation has supported them which will create a positive exchange relationship and a sense of obligation on the part of the employee who will be less likely to perceive violations to their psychological contract. Thus, organisations that wish to create a healthy psychological contract should focus on employees' perceptions of fairness and provide support during the TUPE process. Company initiatives and programmes designed to ensure a fair TUPE process and provide care for employees might influence employees to perceive that the organisation has met their side of the deal. Such initiatives could include; employee surveys, inductions, employee forums, training for managers and various communication mediums. A successful TUPE will facilitate the integration of employees into the new organisation, prevent a 'them vs us' disposition and help the organisation realize the benefits of the change.

Managers should strive to understand the psychological contract and view it as a credible and influential agreement with each employee which has real results for the organisation. Written contracts often become outdated and their legitimacy replaced by custom and practice. The psychological contract is dynamic and continuously shaped by interactions which create a sense of obligation and reciprocal exchange. Managers should devote effort to uncovering and managing employees' expectations and find out what will meet these expectations and obligate the employee to engage to a greater level. Once there is a good understanding of the state of the psychological contract it is possible to plan a strategy that will maintain, strengthen, or rebuild it post-TUPE.

Although the study involves the case study of an acquisition, the implications for practice can be applied to other forms of organisational change. The value of the psychological contract lies in its ability to provide a framework and a language for discussing, clarifying and negotiating the employment relationship and in doing so it raises awareness of what is expected against a backdrop of organisational change (Garrow, 2000).

Study Limitations and Future Research

It is acknowledged that there are certain limitations and methodological aspects that may have affected the results presented in this study and therefore should be considered when interpreting the results. Whilst, it is acknowledged that improvements can be made, these concerns are not viewed as fatal flaws.

This study uses cross-sectional and self-reported data from a case study measured at one point in time. This raises concerns regarding common method bias, which holds the potential for over inflation of correlations between the measures assessed via the same method (i.e self-report), whereby participants tend to respond in a consistent manner. As this was a cross-sectional study, it was not possible to control for the effects over time which may have an impact on perceptions of the acquisition which may have been further influenced by halo effect. Not adopting a time-orientated approach and relying on employees to accurately recall their perception regarding fairness and support post-TUPE is problematic as emotional reactions and perceptions fluctuate across time and may be influenced by experiences post-TUPE. However, despite this, psychometric support has been found for the predictions of this study which suggests that method bias is not the sole cause of the obtained correlations. Furthermore, all scales used in this study consisted of multi-items with high reliability. However, a longitudinal study is recommended to provide more robust conclusions regarding the relationships within this model.

Limitation with the systematic random sampling technique should be noted in that questions are raised regarding the generalisability of the results to the wider population. Furthermore, as the population consisted of a single case study acquisition, broader generalisation to other populations is further questioned. Repeating the study with a wider population involving various acquisitions and multiple TUPE scenarios among different organisations would add weight to the generalisability of the results.

The use of multiple regression as the primary data analysis method holds various limitation including, the oversensitivity to violations of assumptions and concern that causality cannot be unambiguously inferred. Consistent with social exchange theory, it is possible that engaged employees could be more inclined to overlook breaches in their psychological contract or positively evaluate whether obligations have been met. In addition, employees who perceive that their organisation has met or exceeded their expectation of exchange may

be more likely to retrospectively view that the company conducted a fair process and provided them with support.

Another issue to consider, as previously mentioned, is the high intercorrelation between the antecedent variables of .895. Concern is raised whether these variables were measures of the same underlying construct and whether one should be omitted or whether a composite variable should be formed. It has been suggested that the halo effect may have played a part. Further explanations may lie in an individual's negative affectivity. The decision was made to keep both variables in the model for conceptual reasons as the variables were not seen as substitutive. Furthermore, although the results found support for the proposed model, alternative casual paths are probable. It is likely that there are extraneous or confounding variables that could provide an alternative explanation of the results received. The use of a small number of variables to understand such a complex phenomena is limiting. Future research should consider exploring the role of individual's disposition as a predictor or mediator within the relationship between variables. Individuals with a negative affectivity might be more likely to report unfairness and lack of support as well as violation to their psychological contract. As a consequence, regression results may be incorrect and possibly entail misleading substitutive conclusions. Structural equation modelling is required to place more confidence in the results as measurement error is taken into account and construct validation established.

Future research using a more comprehensive set of variables and longitudinal design is needed to fully examine the casual relationship between the antecedents and outcomes of psychological contract violation within the TUPE context. Furthermore, it is suggested that future research should adopt a more rigorous methodological approach and propose a more robust model. Following the introduction of multiple variables of interest, it would be prudent to suggest factor analysis for future research to uncover which variables or grouped variables are best positioned to form the underlying structure of the model.

Conclusion

This study establishes that the psychological contract is an important construct for both academic and practitioner literature. The results of this study suggest that the fairness of the TUPE procedure and the support provided by the Company during this challenging time will predict whether the employee will perceive there to be a violation of their psychological contract post-TUPE and this will ultimately predict whether the newly transferred employees will become engaged with their new employer following the transfer. Furthermore, it has been concluded that the psychological contract can be used to explain the relationship between employee perceptions of fairness and support during a TUPE and their post-TUPE reaction of engagement and moreover that psychological contract violation mediates this relationship. In addition, it is concluded that social exchange theory provided a useful and meaningful

theoretical basis for understanding psychological contract violation within the context of a TUPE transfer during an acquisition. To conclude, given that the psychological contract reflects employees view of their employment relationship, understanding them provides organisations with a mechanism for limiting its violation and subsequent the outcomes, whilst increasing the likelihood of concluding a successful organisational change process.

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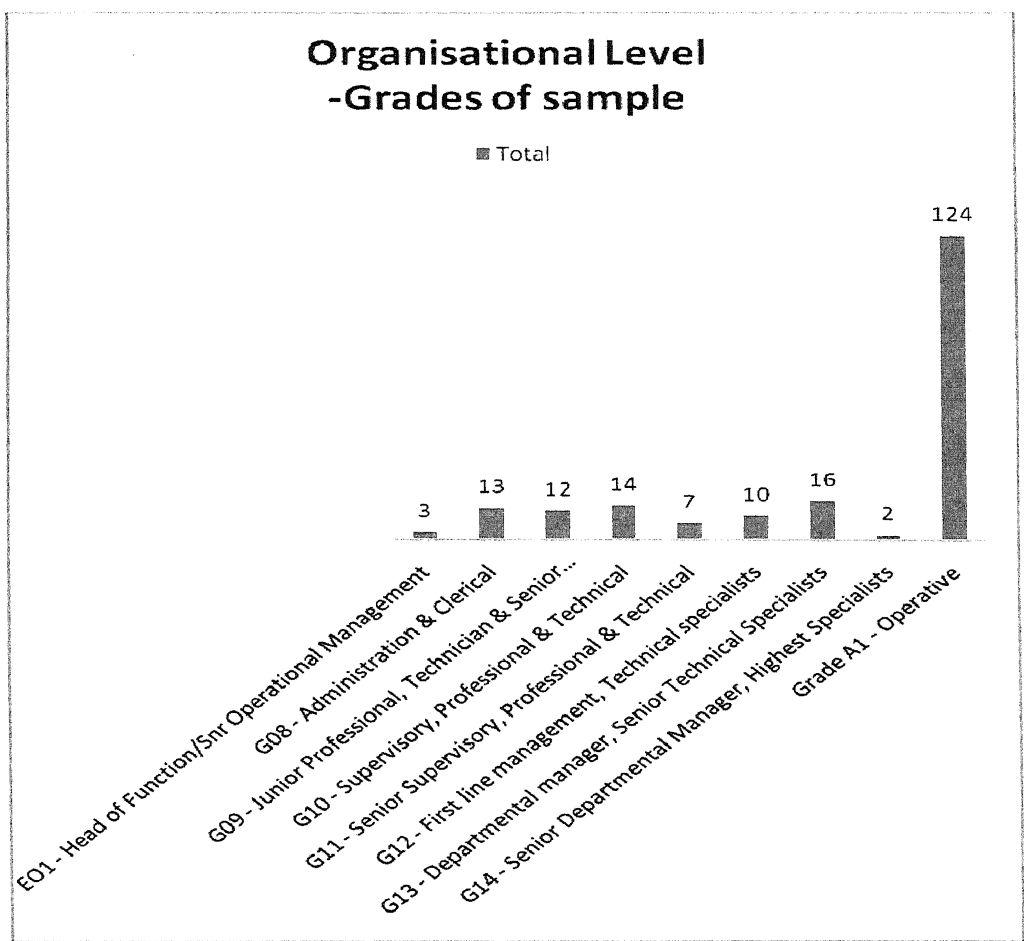
7. APPENDIX

7.1 JOB TITLES OF SAMPLE

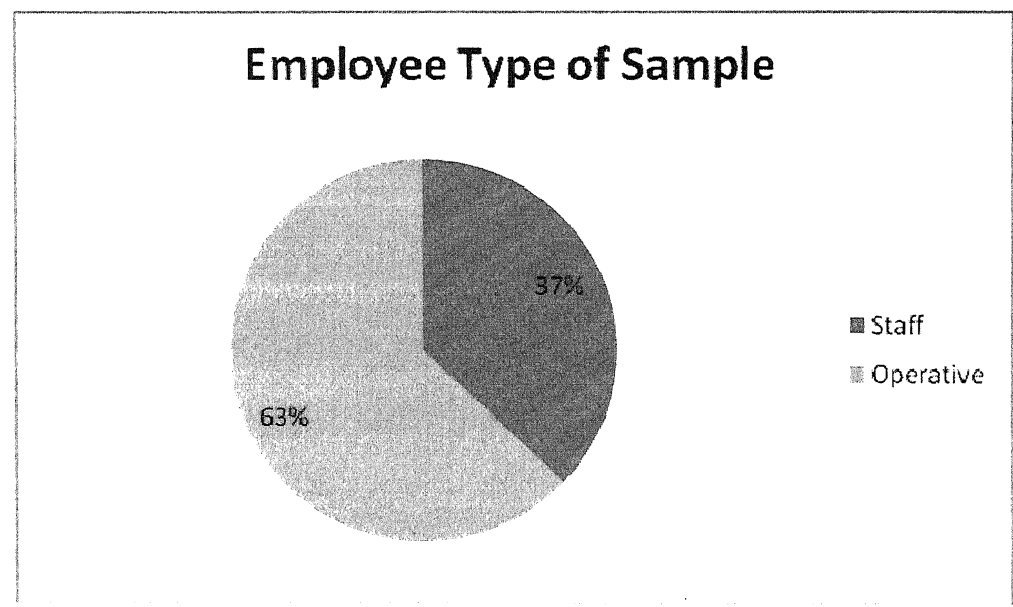
Job Titles	Count of Job Title
Admin Support P/T	1
Administrator	2
Asset Administrator	1
Assistant Accountant	1
Assurance Manager	1
Chargehand	1
Cleaner Passenger Services	1
Commercial Director	1
Compliance Advisor/Auditor	1
Contract Manager	9
Courier Driver	2
Damage Process Controller	1
Depot Manager	3
Driver/Labourer	1
Duty Transport Supervisor	1
Fleet Engineer	2
Fleet Support Leader	1
Foreman	1
Front Line Support	1
Gritter Co-ordinator	1
Head Of Central Services	1
Head of Operations	1
HGV Fitter	1
Hire Co-ordinator	1
Hire Co-ordinator (P&T)	3
Hire Manager	1
Inspector	1
IT Systems Manager	1
Leading Motor Vehicle Technician	1
License Manager	1
Locality Administrator	1
Locality/Business Manager	1
Maintenance Controller	4
Mechanic	2

Motor Vehicle Technician	22
National Finance Manager	1
Night Chargehand	1
Operational Support Assistant	2
Operational Support Team Leader	1
Operations Manager	1
PA to the Managing Director of Fleet and Passenger Services	1
Passenger assistant	23
Passenger Driver	47
Plant Maintenance Controller	1
Plant Manager	1
Project Accountant	1
Regional Administrator	1
Regional Compliance Manager	1
Regional Customer Services Manager	2
Regional Finance Manager	1
Regional Operations Director	1
Regional Workshop Manager	1
Relief Passenger Assistant	4
Relief Passenger Driver	6
Sales Consultant	2
Service Centre Admin Assistant	1
Service Centre Receptionist	1
Service Centre Supervisor	2
SHEA Manager	1
Stores Controller	1
Stores Person	1
Supervisor	1
Team Leader P.S	1
Transport Administrator	1
Transport Supervisor	3
Vehicle Disposal & Spot Hire Consultant	1
Workshop Administrator	2
Workshop Controller	3
Workshop Manager	6
Workshop Supervisor	1
Grand Total	200

7.2 ORGANISATIONAL LEVEL



7.3 EMPLOYEE TYPE



7.4 COVER LETTER

ADDRESS

DATE
Our Ref:
Your Ref:
Direct Line: 01603 727342
nferreira@maygurney.co.uk

Dear NAME

Research Project

I would like to invite you to take part in a research project into employee views following the acquisition of TransLinc by May Gurney. I currently work for May Gurney in the Regulated Services division, and am part way through completing a Masters degree in HR Management which this research project will form part of.

The purpose of the research project is to gain a better understanding of how employees felt about the acquisition process, how they felt they were treated and how engaged they are now with May Gurney as a result.

Enclosed is a questionnaire that you are kindly asked to complete. The questionnaire should take no longer than 5 minutes to complete. Your participation is voluntary, all identities will remain anonymous and results will be treated confidentially. Please note this research project is being conducted as part of my personal studies and not on behalf of the Company.

Please answer all questions with reference to your recent transfer from Translinc into May Gurney. Please answer all questions honestly and return the questionnaire in the enclosed pre-paid envelope by 22nd August 2012.

Your participation will be greatly appreciated. Thank you in advance for the time you have taken to complete this questionnaire and supporting me in my studies.

If you have any questions please do not hesitate to contact me.

Yours sincerely


Nikki Ferreira
HR Business Partner
Regulated Services

7.5 MEASURE ITEMS

Procedural Justice

During the acquisition process...

... management treated me with kindness and respect

...management made sure that all employee concerns were heard
... management offered explanations that made sense to me
... management were sensitive to my personal needs
... management collected all the necessary information
...management explained very clearly all the decisions made about the acquisition
... management treated me respect and dignity
... management dealt with me in a truthful manner
...management clarified decisions and provided additional information when requested by employees
... management showed concern for my rights as an employee
...all affected employees were treated consistently
...employees were allowed to challenge decisions made by management about the acquisition process
...people at my job level had adequate input into the acquisition process
...procedures were put in place to provide the employees with timely information about the acquisition and its implementation

Perceived Organisational Support

May Gurney strongly considered my goals and values
Help was available from the May Gurney when I had a problem
May Gurney really cared about my well-being
May Gurney was willing to extend itself in order to help me perform my job to the best of my ability
Even if I had done the best job possible May Gurney would have failed to notice
May Gurney cared about my general satisfaction at work
May Gurney showed very little concern for me
May Gurney cared about my opinions
May Gurney took pride in my accomplishments at work

Psychological Contract Violation

I feel a great deal of anger towards May Gurney
I feel betrayed by May Gurney
I feel that May Gurney has violated the contract between us
I feel extremely frustrated by how I have been treated by May Gurney

Employee Engagement

I know what is expected of me at work.
I have the materials and equipment I need to do my work right.
At work, I have the opportunity to do what I do best every day.
In the last seven days, I have received recognition or praise for doing good work.

My supervisor, or someone at work, seems to care about me as a person.

There is someone at work who encourages my development.

At work, my opinions seem to count.

The mission or purpose of May Gurney makes me feel my job is important

My fellow employees are committed to doing quality work.

I have a best friend at work

In the last six months, someone at work has talked to me about my progress.

This last year, I have had opportunities at work to learn and grow

How satisfied are you with May Gurney as a place to work?